

BEFORE THE

INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF NORTHERN INDIANA)
PUBLIC SERVICE COMPANY LLC FOR)
APPROVAL OF ITS PROPOSED 2024-2026)
ENERGY EFFICIENCY PLAN FOR ELECTRIC)
SERVICE AND ASSOCIATED RATEMAKING)
AND ACCOUNTING TREATMENT, INCLUDING)
TIMELY RECOVERY THROUGH NIPSCO'S)
DEMAND SIDE MANAGEMENT ADJUSTMENT)
MECHANISM OF ASSOCIATED COSTS)
(INCLUDING PROGRAM OPERATING COSTS,)
LOST REVENUES, AND FINANCIAL)
INCENTIVES), IN ACCORDANCE WITH)
INDIANA CODE SECTION 8-1-8.5-10, AND FOR)
AUTHORITY TO DEFER PROGRAM COSTS.)

CAUSE NO. 45849

INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR'S
PUBLIC'S EXHIBIT NO. 1
SETTLEMENT TESTIMONY OF OUCC WITNESS
APRIL M. PARONISH

JULY 7, 2023

Respectfully submitted,



Thomas R. Harper
Atty. No. 16735-53
Deputy Consumer Counselor

SETTLEMENT TESTIMONY OF OUCC WITNESS APRIL M. PARONISH
CAUSE NO. 45849
NORTHERN INDIANA PUBLIC SERVICE COMPANY

1 **Q: Please state your name, employer, business address, and current position.**

2 A: My name is April M. Paronish, and my business address is 115 West Washington
3 Street, Suite 1500 South, Indianapolis, Indiana 46204. I am employed as an
4 Assistant Director in the Indiana Office of Utility Consumer Counselor's
5 ("OUCC") Electric Division. My education and professional experience are
6 detailed in Appendix AMP-1 attached to this testimony.

7 **Q: Have you previously testified before the Indiana Utility Regulatory**
8 **Commission ("IURC" or "Commission")?**

9 A: Yes. I have testified in several cases before the Commission.

I. INTRODUCTION

10 **Q: What is the purpose of your testimony?**

11 A: I provide an overview of the agreed settlement terms and discuss the OUCC's
12 support for the Stipulation and Settlement Agreement ("Settlement" or
13 "Agreement") filed in this Cause between Northern Indiana Public Service
14 Company ("NIPSCO"), Citizens Action Coalition of Indiana, Inc. ("CAC"), and
15 the OUCC (collectively, "Settling Parties").

16 **Q: Does the OUCC have any initial observations about the Settlement in general?**

17 A: Yes. The Settlement was reached due to collaboration and good faith negotiations
18 between the Settling Parties. The Agreement's terms are in the public interest.

II. AFFORDABILITY

1 **Q: Did the OUCC consider affordability throughout the case and during**
2 **settlement negotiations?**

3 A: Yes. Affordability for all Indiana ratepayers is crucial to the OUCC. Therefore, the
4 OUCC negotiated to ensure NIPSCO's proposed demand side management
5 ("DSM") programs are cost-effective. NIPSCO also agreed to reduce the timeframe
6 in which it will collect lost revenues from its ratepayers.

III. NIPSCO'S DEMAND SIDE MANAGEMENT PLAN

7 **Q: How are the terms of the Settlement in the public interest?**

8 A: NIPSCO agreed to make modifications to its proposed Demand Side Management
9 ("DSM") Program that will provide greater benefits to its customers, as I discuss
10 below.

11 **Q: Please describe these modifications.**

12 A: Modifications to the Program; energy savings goals; budget flexibility and related
13 Oversight Board ("OSB") voting procedures; and lost revenues agreed upon in the
14 Settlement include:

- 15 1) Provisions for adding additional measures to achieve additional energy savings;
- 16 2) Optimizing and enhancing, through NIPSCO's Oversight Board, its delivery of
17 programs and initiatives;
- 18 3) An increased energy savings goal;
- 19 4) Collaborating with the OSB to improve education for NIPSCO's contractors
20 and trade allies;
- 21 5) Voting restrictions on certain requests to use flexible funding; and

1 6) Reduced timeframe for collecting lost revenues.

2 I discuss these modifications in detail below.

3 **Q: Please discuss changes to the DSM Plan.**

4 A: The Settling Parties agreed to the following modifications, which are further
5 outlined in NIPSCO's witness Alison M. Becker's Verified Settlement Testimony
6 and contained in her Joint Exhibit 1, which is the Settlement Agreement in this
7 Cause:

8 1. NIPSCO will implement the electric DSM Programs as presented in its case-in-
9 chief; however, any measures members of the OSB propose adding to these
10 programs must, as a group, be cost-effective outside of the total program. This
11 benefits ratepayers by ensuring benefits are received for every additional dollar
12 spent.

13 2. NIPSCO will work collaboratively with its OSB to:

14 a. Monitor and continue to improve the Residential New Construction
15 Program;

16 b. Increase Residential Midstream participation;

17 c. Include additional residential midstream heating, ventilation, and air
18 conditioning and water heating measures;

19 d. Increase participation in the Small Business Direct Install Program
20 through enhanced incentives and/or targeted outreach;

21 e. Increase the scope and comprehensiveness of the Strategic Management
22 Program; and

1 f. Review and make a good faith effort to align incentive levels for
2 commercial and industrial (“C&I”) measures relative to current
3 equipment prices and/or other Indiana investor-owned utilities’ C&I
4 programs.

5 These provisions are designed to improve NIPSCO’s DSM programs with
6 the goal of increasing participation in these programs. Therefore, it will increase
7 the possibility NIPSCO’s DSM portfolio will be successful, which will benefit
8 NIPSCO and its ratepayers.

9 3. NIPSCO will work collaboratively with its OSB to increase its energy savings
10 goal by an incremental 45,015 gross MWh over the total three-year period. The
11 programs will be reasonably achievable and cost-effective, based on pro-forma
12 estimates.

13 This term increases the amount of cost-effective energy savings NIPSCO
14 and its ratepayers can achieve. It is important NIPSCO’s customers do not pay
15 for programs that are predetermined as not meeting the cost-effectiveness
16 threshold.

17 4. NIPSCO will collaborate with its OSB to improve education for its contractors
18 and other trade allies related to certain measures or programs. This may include
19 using additional marketing funds for this purpose.

20 Improving education efforts for NIPSCO’s contractors and other trade allies
21 will improve awareness of NIPSCO’s DSM Programs, leading to a better
22 customer experience.

1 5. The Settling Parties agreed NIPSCO, with OSB approval, may increase any
2 individual DSM Program's funding by up to, but not to exceed, 20% of the total
3 three-year program budget. A majority vote is required for flexible funding
4 requests up to 10%. A unanimous vote is required for flexible funding requests
5 exceeding 10%.

6 Should NIPSCO need funding exceeding 20% of its three-year DSM
7 Program budget, the OSB will require a unanimous vote to seek additional
8 funding from the Commission.

9 All other previously established conditions set forth in the Cause No. 45456
10 settlement agreement shall apply.

11 A unanimous vote for flexible funding requests exceeding 10% and for
12 requests to exceed 20% of the three-year DSM Program Plan budget provides
13 more program scrutiny and additional protection for NIPSCO's ratepayers by
14 ensuring all OSB members agree.

15 6. Settling Parties agree to cap lost revenues for measures installed during the
16 three-year DSM Program Plan. Lost revenues will be limited to:

- 17 a. Three years;
- 18 b. The life of the measure; or
- 19 c. Until NIPSCO's next base rate case following issuance of an Order in
20 this Cause, whichever occurs first.

21 NIPSCO also agrees, subsequent to approval of new base rates in NIPSCO's
22 next base rate case following an Order in this Cause, it will zero out, in its
23 Adjustment of Charges for Demand Side Management Adjustment Mechanism

1 (currently Rider 883), all lost revenue recovery approved for the DSM program
2 years up to, and including, the test year adopted for the setting of base rates in
3 the Company's next base rate case proceeding.

4 This is an improvement over NIPSCO's proposed four-year cap on lost
5 revenues and may lead to reduced costs for ratepayers.

IV. RECOMMENDATIONS

6 **Q: What action does the OUCC recommend the Commission take in this Cause?**

7 A: The OUCC recommends the Commission approve the Settlement Agreement terms
8 for NIPSCO's DSM Plan, as filed. The Settlement Agreement serves the public
9 interest by providing additional customer value.

10 **Q: Does this conclude your testimony?**

11 A: Yes, it does.

**APPENDIX AMP-1 TO TESTIMONY OF
OUCC WITNESS APRIL M. PARONISH**

1 **Q: Please describe the examination and analysis you conducted to prepare your**
2 **testimony and formulate your opinion in this Cause.**

3 A: I reviewed testimony and certain attachments filed in this Cause. I attended pre-
4 and post-filing meetings with NIPSCO and CAC's staff. I also met with OUCC
5 staff to discuss NIPSCO's initial proposal and settlement-related documents in this
6 Cause.

7 **Q: Please summarize your educational background and work experience.**

8 A: I graduated *summa cum laude* from Franklin University in Columbus, Ohio in 1992,
9 with a Bachelor of Science degree, majoring in both Business Management and
10 Marketing. I also received a Master of Science degree in Marketing and
11 Communications from Franklin University in 2002.

12 I have been employed at the OUCC since April 2007, initially as a Utility
13 Analyst II and subsequently was promoted to Senior Utility Analyst and then to my
14 current Assistant Director position. I have attended several in-house, industry-
15 sponsored, and regulatory educational programs since joining the OUCC.

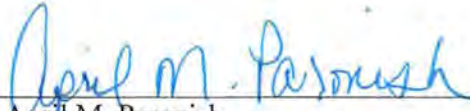
16 I represent the OUCC on AES Indiana, I&M, DEI, CenterPoint, and
17 NIPSCO's Electric DSM Oversight Boards. I previously represented the OUCC on
18 NIPSCO, Vectren, Citizens Gas and Westfield Gas Oversight Boards. I also
19 previously facilitated the Gas Utility Joint Oversight Board. My work on these
20 Oversight Boards includes, but is not limited to, reviewing program progress and
21 budgets (including voting to make changes to programs and/or budgets); developing

1 Requests for Proposals; reviewing vendor bids; drafting program-specific questions
2 regarding costs, estimated savings, program implementation, and other related
3 matters. I previously served on the statewide Demand Side Management Coordination
4 Committee and its Third-Party Administrator Subcommittee and Evaluation,
5 Measurement and Verification Subcommittee. I also lead the OUCC team responsible
6 for attending utilities' Integrated Resource Plan ("IRP") stakeholder meetings,
7 reviewing IRPs, and submitting comments. Finally, I lead several OUCC case teams
8 in matters such as rate cases, Transmission Distribution Storage System Improvement
9 Charge, and coal combustion residuals to name a few.

10 Prior to joining the OUCC I held various positions at American Electric Power
11 Service Corporation, 3X Corporation, Alliance RTO, and the Midcontinent
12 Independent System Operator (formerly Midwest Independent System Operator).

AFFIRMATION

I affirm, under the penalties for perjury, that the foregoing representations are true.



April M. Paronish
Electric Division Assistant Director
Indiana Office of Utility Consumer Counselor

Cause No. 45849
NIPSCO, LLC

Date: July 7, 2023

CERTIFICATE OF SERVICE

This is to certify that a copy of *OUCC Public's Exhibit No. 1 Settlement Testimony of OUCC Witness April M. Paronish* has been served upon the following parties of record in the captioned proceeding by electronic serve on July 7, 2023.

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